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SUBJECT: PM LETERME LOSES FLEMISH MAJORITY BUT GOVERNMENT SURVIVES

REF: BELGIUM 1107 AND PREVIOUS

Classified By: Political-Economic Counselor Richard Eason, Reason 1.4 (b) and (d).

¶1. (C) SUMMARY: In protest at the agreement to defer discussion of institutional reforms in Belgium, the New Flemish Alliance Party (N-VA) withdrew from its alliance with Prime Minister Yves Leterme's Christian Democratic Party (CD&V). The leaves Leterme without a Flemish majority in his own government. It also leaves the government short of the two-thirds majority needed to approve institutional reforms, although two other Flemish parties have tacitly agreed to support the government on such votes. This latest development strengthens the role of the liberals, both Francophone and Flemish, as the combined parties hold more seats in Parliament than do both Christian Democratic parties. Flemish Minister-President Kris Peeters, for the moment, is charged with reviving the institutional reform talks. Although left without a Flemish majority in his government, the departure of the N-VA from its alliance with the CD&V gives Leterme breathing space to turn to other issues and prepare for the October 14 State of the Union Address. END SUMMARY.

¶2. (C) Belgian politics is reprising the whirlwind of talks, political posturing and lack of substantive progress on issues that the country witnessed in the fall of 2007. The difference this time is that there is a sitting elected government in place. This latest cycle was triggered when Vice Premier and MR (francophone liberal) party President Didier Reynders announced on Friday, September 19, that the Francophone parties were willing to address long-standing institutional issues provided there was no deadline and an open agenda, meaning that it could include the enlargement of the Brussels capital region, the redistricting of Brussels-Halle-Vilvoorde (BHV) and the fate of three Francophone mayors-elect of Brussels suburbs accused of violating language laws.

¶3. (C) This statement provoked a loud outcry in Flanders and it was no surprise that at its Sunday convention, the N-VA decided to offer Leterme an impossible choice: stick with us as we move to the opposition or stay as PM and lose our support. The N-VA had long pushed for deadlines to force the francophone parties to commit to institutional changes, most recently in July when the PM was forced to submit his letter of resignation to the King, which the latter did not accept.

¶4. (C) The dispute quickly spread to the Flemish regional government where the Flemish liberals (the Open VLD) and the Flemish Socialists (the SP.A) called for the resignation of N-VA Sports Minister Geert Bourgeois from the Flemish regional government. They argued that since the party was turning its back on institutional negotiations, Bourgeois had automatically isolated himself from his Flemish colleagues. (NOTE: Bourgeois was the only N-VA politician serving in either the federal or Flemish regional government. END NOTE.). Despite a lukewarm defense by the CD&V, Bourgeois stepped down on Monday.

¶5. (C) Attention then turned to the Francophone Liberals

Sunday night when, after discussions with PM Leterme, Minister-President Kris Peeters announced that the Francophone parties had made a major about-face and were suddenly no longer insisting on including B-H-V in the institutional discussions. This could mean that the Francophone parties would allow the controversial BHV bill to continue its course in the federal parliament, something they had been resisting strongly but which would move the issue off center stage. Peeters then held talks with the Francophone parties throughout the day on Monday, finally confirming that the Francophone parties were not only willing to talk but to conclude at least partial agreements before the June 2009 regional elections.

¶6. (C) COMMENT: The latest developments in Belgian politics may be, in part, a blessing in disguise for Leterme.

Although he has lost his Flemish majority in the Federal Parliament, there has long been a tacit agreement with the Flemish socialists and greens to support the CD&V on institutional reform issues, which would give Leterme the two-thirds majority he needs should any institutional reform actually come to a vote. In addition, moving the BHV issue to the Parliament for long debate and review may allow the government to try to get back to the job of governing. Furthermore, Belgian politicians are increasingly focusing on next June's regional elections and sidelining BHV would remove a major distraction, for now. But Leterme's absence during many of the recent events does nothing to restore his already bruised political image nor lifted any of the clouds of ineffectiveness circling around him that date back to the long, labored birth of this coalition government.

¶7. (C) COMMENT (cont.): It remains to be seen what all this means for Deputy Premier and MR President Reynders. The Liberals, on both sides of the linguistic border, are now the largest party in the governing coalition. Christian Democrat Kris Peeters has the unenviable task of trying to move ahead institutional reforms, while Reynders can lay the groundwork for MR taking on the long-entrenched Parti Socialiste in Wallonia in the June regional elections. He can also use his position as Finance Minister to fund a bit of pork barrel politics. And one should never forget that former Flemish Liberal PM Guy Verhofstadt is still seen as the only Belgian politician able to appeal to both flemish and francophones, nor that Foreign Minister Karel DeGucht, former President of the Flemish Liberals, is rumored to have ambitions to be Prime Minister.